

House File 2473 - Reprinted

HOUSE FILE 2473

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2418)

(SUCCESSOR TO HSB 591)

(As Amended and Passed by the House May 8, 2012)

A BILL FOR

1 An Act relating to economic development and the use of funds
2 by establishing programs and funds, affecting programs, tax
3 incentives, and project completion and other assistance
4 administered by the economic development authority, by
5 replacing references to the economic development fund and
6 financial assistance program, and by providing spending
7 authority, by providing for properly related matters, and
8 including effective date and retroactive applicability
9 provisions.
10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

HIGH QUALITY JOBS PROGRAM AND RELATED ASSISTANCE AND PROGRAMS

Section 1. Section 15.327, subsections 2, 5, 7, 8, 10, 12, and 13, Code Supplement 2011, are amended to read as follows:

2. ~~"Benefit" has the same meaning as defined in section 15G.101~~ means nonwage compensation provided to an employee.

Benefits typically include medical and dental insurance plans, pension, retirement, and profit-sharing plans, child care services, life insurance coverage, vision insurance coverage, disability insurance coverage, and any other nonwage compensation as determined by the board.

5. ~~"Created job" has the same meaning as defined in section 15G.101~~ means a new, permanent, full-time equivalent position added to a business's payroll in excess of the business's base employment level.

7. ~~"Fiscal impact ratio" has the same meaning as defined in section 15G.101~~ means a ratio calculated by estimating the amount of taxes to be received from a business by the state and dividing the estimate by the estimated cost to the state of providing certain project completion assistance and tax incentives to the business, reflecting a ten-year period and expressed in terms of current dollars. For purposes of the program, "fiscal impact ratio" does not include taxes received by political subdivisions.

8. ~~"Maintenance period completion date" has the same meaning as defined in section 15G.101~~ means the date on which the maintenance period ends.

10. ~~"Project completion date" has the same meaning as defined in section 15G.101~~ means the date by which a recipient of project completion assistance has agreed to meet all the terms and obligations contained in an agreement with the authority.

12. ~~"Qualifying wage threshold" has the same meaning as defined in section 15G.101~~ means the laborshed wage for an eligible business.

1 13. ~~"Retained job" has the same meaning as defined in~~
2 ~~section 15G.101~~ means a full-time equivalent position, in
3 existence at the time an employer applies for financial
4 assistance which remains continuously filled and which is at
5 risk of elimination if the project for which the employer is
6 seeking assistance does not proceed.

7 Sec. 2. Section 15.327, Code Supplement 2011, is amended by
8 adding the following new subsections:

9 NEW SUBSECTION. 1A. *"Base employment level"* means the
10 number of full-time equivalent positions at a business,
11 as established by the authority and a business using the
12 business's payroll records, as of the date a business applies
13 for incentives or project completion assistance under the
14 program.

15 NEW SUBSECTION. 2A. *"Business engaged in disaster recovery"*
16 means a business located in an area declared a disaster area
17 by a federal official, that has sustained substantial physical
18 damage, that has closed as the result of a natural disaster,
19 and that has a plan for reopening that includes employing a
20 substantial number of the employees the business employed
21 before the natural disaster occurred.

22 NEW SUBSECTION. 6A. *"Financial assistance"* means assistance
23 provided only from the funds, rights, and assets legally
24 available to the authority pursuant to this chapter and
25 includes but is not limited to assistance in the form of
26 grants, loans, forgivable loans, and royalty payments.

27 NEW SUBSECTION. 7A. *"Full-time equivalent position"* means
28 a non-part-time position for the number of hours or days per
29 week considered to be full-time work for the kind of service
30 or work performed for an employer. Typically, a full-time
31 equivalent position requires two thousand eighty hours of work
32 in a calendar year, including all paid holidays, vacations,
33 sick time, and other paid leave.

34 NEW SUBSECTION. 7B. *"Fund"* means a fund created pursuant
35 to section 15.335B.

1 NEW SUBSECTION. 7C. "*Laborshed wage*" means the wage level
2 represented by those wages within two standard deviations
3 from the mean wage within the laborshed area in which the
4 eligible business is located, as calculated by the authority,
5 by rule, using the most current covered wage and employment
6 data available from the department of workforce development for
7 the laborshed area.

8 NEW SUBSECTION. 7D. "*Maintenance period*" means the period
9 of time between the project completion date and the maintenance
10 period completion date.

11 NEW SUBSECTION. 9A. "*Program support*" means the services
12 necessary for the efficient administration of this part,
13 including the delivery of program services to eligible
14 businesses. "*Program support*" may include the administrative
15 costs of providing project assistance, conducting a statewide
16 laborshed study in coordination with the department of
17 workforce development, outreach to business and marketing of
18 programs, the procurement of technical assistance, and the
19 implementation of information technology.

20 NEW SUBSECTION. 9B. "*Project completion assistance*" means
21 financial assistance or technical assistance provided to
22 an eligible business in order to facilitate the start-up,
23 location, or expansion of the business in this state and
24 provided in an expedient manner to ensure the successful
25 completion of the start-up, location, or expansion project.

26 NEW SUBSECTION. 10A. "*Project completion period*" means the
27 period of time between the date financial assistance is awarded
28 and the project completion date.

29 Sec. 3. Section 15.329, subsection 1, unnumbered paragraph
30 1, Code Supplement 2011, is amended to read as follows:

31 To be eligible to receive incentives or assistance
32 under this part, a business shall meet all of the following
33 requirements:

34 Sec. 4. Section 15.329, subsection 1, paragraph b, Code
35 Supplement 2011, is amended to read as follows:

1 ~~b. (1) The business has not closed or substantially~~
 2 ~~reduced operations in one area of this state and relocated~~
 3 ~~substantially the same operations in a community in another~~
 4 ~~area of this state~~ shall not be solely relocating operations
 5 from one area of the state while seeking state or local
 6 incentives. A project that does not create new jobs or
 7 involve a substantial amount of new capital investment shall
 8 be presumed to be a relocation. In determining whether a
 9 business is solely relocating operations for purposes of this
 10 subparagraph, the authority shall consider a letter of support
 11 for the move from the affected local community.

12 (2) The business shall not be in the process of reducing
 13 operations in one community while simultaneously applying
 14 for assistance under the program. For purposes of this
 15 subparagraph, a reduction in operations within twelve months
 16 before or after an application for assistance is submitted to
 17 the authority shall be presumed to be a reduction in operations
 18 while simultaneously applying for assistance under the program.

19 (3) This paragraph shall not be construed to prohibit
 20 a business from expanding its operation in a community if
 21 existing operations of a similar nature in this state are not
 22 closed or substantially reduced.

23 Sec. 5. Section 15.329, subsection 1, paragraph c,
 24 subparagraphs (1) and (2), Code Supplement 2011, are amended
 25 to read as follows:

26 (1) If the business is creating jobs, the business shall
 27 demonstrate that the jobs will pay at least one hundred percent
 28 of the qualifying wage threshold at the start of the project
 29 completion period, at least one hundred ~~thirty~~ twenty percent
 30 of the qualifying wage threshold by the project completion
 31 date, and at least one hundred ~~thirty~~ twenty percent of
 32 the qualifying wage threshold until the maintenance period
 33 completion date.

34 (2) If the business is retaining jobs, the business
 35 shall demonstrate that the jobs retained will pay at least

1 one hundred ~~thirty~~ twenty percent of the qualifying wage
2 threshold throughout both the project completion period and the
3 maintenance period.

4 Sec. 6. Section 15.329, subsection 2, Code Supplement 2011,
5 is amended by striking the subsection.

6 Sec. 7. Section 15.330, Code Supplement 2011, is amended to
7 read as follows:

8 **15.330 Agreement.**

9 A business shall enter into an agreement with the authority
10 specifying the requirements that must be met to confirm
11 eligibility pursuant to this part. The authority shall
12 consult with the community during negotiations relating to the
13 agreement. The agreement shall contain, at a minimum, the
14 following provisions:

15 1. A business that is approved to receive incentives
16 or assistance under this part shall, for the length of the
17 agreement, certify annually to the authority the compliance of
18 the business with the requirements of the agreement. If the
19 business receives a local property tax exemption, the business
20 shall also certify annually to the community the compliance of
21 the business with the requirements of the agreement.

22 2. The repayment of incentives or financial assistance
23 by the business if the business does not meet any of the
24 requirements of this part or the resulting agreement.

25 3. If a business that is approved to receive incentives
26 or assistance under this part experiences a layoff within the
27 state or closes any of its facilities within the state, the
28 authority shall have the discretion to reduce or eliminate
29 some or all of the incentives or assistance. If a business
30 has received incentives or assistance under this part and
31 experiences a layoff within the state or closes any of its
32 facilities within the state, the business may be subject to
33 repayment of all or a portion of the incentives or financial
34 assistance that it has received.

35 4. A project completion date, a maintenance period

1 completion date, the number of jobs to be created or retained,
 2 or certain other terms and obligations ~~described in section~~
 3 ~~15G.112, subsection 1, paragraph "d",~~ as the authority
 4 deems necessary in order to make the requirements in project
 5 agreements uniform. The authority, with the approval of
 6 the board, may adopt rules as necessary for making such
 7 requirements uniform. Such rules shall be in compliance with
 8 the provisions of this part ~~and with the provisions of chapter~~
 9 ~~15G.~~

10 5. The amount and type of project completion assistance to
 11 be provided under section 15.335B.

12 6. The amount of matching funds to be received by a business
 13 from a city or county. The authority shall adopt by rule a
 14 formula for determining the amount of matching funds required
 15 under the program.

16 7. The business shall not be relocating or reducing
 17 operations as described in section 15.329, subsection 1,
 18 paragraph "b".

19 8. The proposed project shall not negatively impact other
 20 businesses in competition with the business being considered
 21 for assistance. The authority shall make a good-faith effort
 22 to identify existing Iowa businesses within an industry in
 23 competition with the business being considered for incentives
 24 or assistance. The authority shall make a good-faith effort
 25 to determine the probability that the proposed incentives or
 26 assistance will displace employees of the existing businesses.
 27 In determining the impact on businesses in competition with the
 28 business being considered for incentives or assistance, jobs
 29 created or retained as a result of other jobs being displaced
 30 elsewhere in the state shall not be considered direct jobs
 31 created or retained.

32 9. A report submitted to the authority with its application
 33 describing all violations of environmental law or worker
 34 safety law within the last five years. If, upon review of the
 35 application, the authority finds that a business has a record

1 of violations of the law, statutes, rules, or regulations that
 2 tends to show a consistent pattern, the authority shall not
 3 provide incentives or assistance to the business unless the
 4 authority finds either that the violations did not seriously
 5 affect public health, public safety, or the environment, or,
 6 if such violations did seriously affect public health, public
 7 safety, or the environment, that mitigating circumstances were
 8 present.

9 10. That the business shall only employ individuals legally
 10 authorized to work in this state. In addition to any and
 11 all other applicable penalties provided by current law, all
 12 or a portion of the incentives or assistance received under
 13 this part by a business that is found to knowingly employ
 14 individuals not legally authorized to work in this state is
 15 subject to recapture by the authority or by the department of
 16 revenue.

17 11. Any terms deemed necessary by the authority to effect
 18 compliance with the eligibility requirements of section 15.329.

19 Sec. 8. **NEW SECTION. 15.330A Maintenance of agreements.**

20 1. An eligible business receiving incentives or assistance
 21 under this part shall meet all terms and obligations in an
 22 agreement by the project completion date, but the board may
 23 for good cause extend the project completion date or otherwise
 24 amend an agreement.

25 2. During the maintenance period an eligible business
 26 receiving incentives or assistance under this part shall
 27 continue to comply with the terms and obligations of an
 28 agreement entered into pursuant to section 15.330.

29 3. The authority may enforce the terms of an agreement as
 30 necessary and appropriate.

31 Sec. 9. Section 15.335A, subsection 1, unnumbered paragraph
 32 1, Code Supplement 2011, is amended to read as follows:

33 Tax incentives are available to eligible businesses as
 34 provided in this section. The incentives are based upon the
 35 number of jobs created or retained that pay at least one

1 hundred ~~thirty~~ twenty percent of the qualifying wage threshold
2 ~~as computed pursuant to section 15G.112, subsection 4,~~ and
3 the amount of the qualifying investment made according to the
4 following schedule:

5 Sec. 10. Section 15.335A, subsection 2, paragraphs b, c,
6 f, and g, Code Supplement 2011, are amended by striking the
7 paragraphs.

8 Sec. 11. Section 15.335A, subsections 3 and 4, Code
9 Supplement 2011, are amended by striking the subsections.

10 Sec. 12. Section 15.335A, subsection 5, Code Supplement
11 2011, is amended to read as follows:

12 5. The authority shall negotiate the amount of tax
13 incentives provided to an applicant under the program
14 in accordance with this section ~~and section 15G.112, as~~
15 ~~applicable.~~

16 Sec. 13. NEW SECTION. **15.335B Assistance for certain**
17 **programs and projects.**

18 1. *a.* Under the authority provided in section 15.106A,
19 there shall be established one or more funds within the state
20 treasury, under the control of the authority, to be used for
21 purposes of this section.

22 *b.* A fund established for purposes of this section shall
23 consist of any moneys appropriated to the authority for
24 purposes of this section, or moneys otherwise accruing to
25 the authority and deposited in the fund for purposes of this
26 section.

27 *c.* Interest or earnings on moneys in a fund used for the
28 purposes of this section, and all repayments or recaptures of
29 the assistance provided under this section, shall accrue to
30 the authority and shall be used for purposes of this section,
31 notwithstanding section 12C.7. Moneys in a fund are not
32 subject to section 8.33.

33 2. *a.* The moneys in a fund established for purposes of
34 this section, as described in subsection 1, shall be allocated
35 by the authority in appropriate amounts to be used for the

1 following purposes:

2 (1) For providing project completion assistance to eligible
3 businesses under this part and for program support of such
4 assistance.

5 (2) For providing economic development region financial
6 assistance under section 15E.232, subsections 1, 3, 4, 5, and
7 6.

8 (3) For providing financial assistance for business
9 accelerators pursuant to section 15E.351.

10 (4) For deposit in the innovation and commercialization
11 fund created pursuant to section 15.412.

12 (5) For providing financial assistance to businesses
13 engaged in disaster recovery.

14 (6) For deposit in the entrepreneur investment awards
15 program fund pursuant to section 15E.363.

16 b. Each fiscal year, the authority shall estimate the
17 amount of revenues available for purposes of this section and
18 shall develop a budget appropriate for the expenditure of the
19 revenues available.

20 3. In providing assistance under this section, the
21 authority shall make a determination as to the amount and
22 type of assistance that is most appropriate for facilitating
23 the successful completion of an eligible business's project.
24 Before making such a determination, the authority shall do all
25 of the following:

26 a. Consider a business's eligibility for the tax incentives
27 available under section 15.335A and ensure that the amount of
28 assistance to be provided appropriately complements the amount
29 and type of tax incentives to be provided.

30 b. Consider the amount of private sector investment to be
31 leveraged by the project, including the eligible business's
32 equity investment, debt financing, and any venture capital or
33 foreign investment available, and make a good-faith effort to
34 provide only the amount of incentives and assistance necessary
35 to facilitate the project's successful completion.

1 *c.* Consider the amount and type of the local community
2 match. The authority may provide assistance to an early-stage
3 business in a high-growth industry regardless of the amount of
4 local match involved.

5 *d.* Calculate the fiscal impact ratio of the project and use
6 it to guide the provision of incentives and assistance under
7 this part.

8 *e.* Evaluate the quality of the project based on the factors
9 described in section 15.329, subsection 5, and any other
10 relevant factors.

11 *f.* Ensure that the combined amount of incentives and
12 assistance are appropriate to the size of the project, to
13 the value of the project, to the fiscal impact ratio of the
14 project, and to any other relevant factors.

15 4. Each eligible business receiving assistance under this
16 section shall enter into an agreement with the authority and
17 the agreement shall meet the requirements of sections 15.330
18 and 15.330A.

19 Sec. 14. NEW SECTION. 15.335C **Economically distressed**
20 **areas.**

21 1. *a.* Notwithstanding section 15.329, subsection 1,
22 paragraph "*c*", the authority may provide tax incentives or
23 project completion assistance under this part to an eligible
24 business paying less than one hundred twenty percent of the
25 qualifying wage threshold if that business is located in an
26 economically distressed area.

27 *b.* A business in an economically distressed area receiving
28 incentives or assistance pursuant to this section shall be
29 required to pay at least one hundred percent of the qualifying
30 wage threshold.

31 2. For purposes of this section, "*economically distressed*
32 *area*" means a county that ranks among the bottom twenty-five of
33 all Iowa counties, as measured by one of the following:

34 *a.* Average monthly unemployment level for the most recent
35 twelve-month period.

1 **b.** Average annualized unemployment level for the most recent
2 five-year period.

3 Sec. 15. Section 15A.7, subsection 3, Code Supplement 2011,
4 is amended to read as follows:

5 3. That the employer shall agree to pay wages for the jobs
6 for which the credit is taken of at least the ~~county wage or~~
7 ~~the regional laborshed wage~~, as calculated by the authority
8 pursuant to section ~~15G.112~~ 15.327, subsection 3, ~~whichever~~
9 ~~is lower~~ 7C. Eligibility for the supplemental credit shall
10 be based on a one-time determination of starting wages by the
11 community college.

12 Sec. 16. Section 15E.193, subsection 1, paragraph b,
13 subparagraph (1), Code Supplement 2011, is amended to read as
14 follows:

15 (1) The business shall provide a sufficient package of
16 benefits to each employee holding a created or retained job.
17 For purposes of this paragraph, "*created job*" and "*retained job*"
18 have the same meaning as defined in section ~~15G.101~~ 15.327.

19 Sec. 17. Section 15E.193, subsection 1, paragraphs c and d,
20 Code Supplement 2011, are amended to read as follows:

21 **c.** The business shall pay a wage that is at least ninety
22 percent of the qualifying wage threshold. For purposes of this
23 paragraph, "*qualifying wage threshold*" has the same meaning as
24 defined in section ~~15G.101~~ 15.327.

25 **d.** Creates or retains at least ten full-time equivalent
26 positions and maintains them until the maintenance period
27 completion date. For purposes of this paragraph, "*maintenance*
28 *period completion date*" and "*full-time equivalent position*" have
29 the same meanings as defined in section ~~15G.101~~ 15.327.

30 Sec. 18. Section 15E.231, unnumbered paragraph 1, Code
31 Supplement 2011, is amended to read as follows:

32 In order for an economic development region to receive
33 ~~moneys under the economic development financial assistance~~
34 ~~program established in section 15G.112~~ assistance pursuant to
35 section 15.335B, an economic development region's regional

1 development plan must be approved by the authority. An
2 economic development region shall consist of not less than
3 three counties, unless two contiguous counties have a combined
4 population of at least three hundred thousand based on the
5 most recent federal decennial census. An economic development
6 region shall establish a focused economic development effort
7 that shall include a regional development plan relating to one
8 or more of the following areas:

9 Sec. 19. Section 15E.232, subsections 1, 3, 4, 5, and 6,
10 Code Supplement 2011, are amended to read as follows:

11 1. An economic development region may apply for financial
12 assistance from ~~the economic development~~ a fund established
13 pursuant to section 15.335B to assist with the installation
14 of physical infrastructure needs including, but not limited
15 to, horizontal infrastructure, water and sewer infrastructure,
16 and telecommunications infrastructure, related to the
17 development of fully served business and industrial sites by
18 one or more of the region's economic development partners
19 or for the installation of infrastructure related to a
20 new business location or expansion. In order to receive
21 financial assistance pursuant to this subsection, the economic
22 development region must demonstrate all of the following:

23 a. The ability to provide matching moneys on a basis of a
24 one dollar contribution of local matching moneys for every two
25 dollars received from the economic development fund.

26 b. The commitment of the specific business partner
27 including, but not limited to, a letter of intent defining a
28 capital commitment or a percentage of equity.

29 c. That all other funding alternatives have been exhausted.

30 3. An economic development region may apply for financial
31 assistance from ~~the economic development~~ a fund established
32 pursuant to section 15.335B to assist an existing business
33 threatened with closure due to a potential consolidation to an
34 out-of-state location. The economic development region may
35 apply for financial assistance from the economic development

1 fund for the purchase, rehabilitation, or marketing of a
2 building that has become available due to the closing of an
3 existing business due to a consolidation to an out-of-state
4 location. In order to receive financial assistance under this
5 subsection, an economic development region must demonstrate the
6 ability to provide local matching moneys on a basis of a one
7 dollar contribution of local moneys for every three dollars
8 received from the economic development fund.

9 4. An economic development region may apply for financial
10 assistance from ~~the economic development~~ a fund established
11 pursuant to section 15.335B to establish and operate an
12 entrepreneurial initiative. In order to receive financial
13 assistance under this subsection, an economic development
14 region must demonstrate the ability to provide local matching
15 moneys on a basis of a one dollar contribution of local moneys
16 for every two dollars received from the economic development
17 fund.

18 5. *a.* An economic development region may apply for
19 financial assistance from ~~the economic development~~ a fund
20 established pursuant to section 15.335B to establish and
21 operate a business succession assistance program for the
22 region.

23 *b.* In order to receive financial assistance under this
24 subsection, an economic development region must demonstrate
25 the ability to provide local matching moneys on a basis of a
26 one dollar contribution of local moneys for every two dollars
27 received from the economic development fund.

28 6. An economic development region may apply for financial
29 assistance from ~~the economic development~~ a fund established
30 pursuant to section 15.335B to implement economic development
31 initiatives that are either unique to the region or innovative
32 in design and implementation. In order to receive financial
33 assistance under this subsection, an economic development
34 region must demonstrate the ability to provide local matching
35 moneys on a one-to-one basis.

1 Sec. 20. Section 15E.351, subsection 1, Code Supplement
2 2011, is amended to read as follows:

3 1. The economic development authority shall establish and
4 administer a business accelerator program to provide financial
5 assistance for the establishment and operation of a business
6 accelerator for technology-based, value-added agricultural,
7 information solutions, alternative and renewable energy
8 including the alternative and renewable energy sectors listed
9 in section 476.42, subsection 1, paragraph "a", subparagraph
10 (1), or advanced manufacturing start-up businesses or for a
11 satellite of an existing business accelerator. The program
12 shall be designed to foster the accelerated growth of new
13 and existing businesses through the provision of technical
14 assistance. The economic development authority may provide
15 financial assistance under this section from moneys allocated
16 for ~~regional~~ financial assistance for business accelerators
17 pursuant to section ~~15G.111~~ section 15.335B, subsection 9 2.

18 Sec. 21. NEW SECTION. **15E.362 Entrepreneur investment**
19 **awards program.**

20 1. The authority shall establish and administer an
21 entrepreneur investment awards program for purposes of
22 providing grants to programs that provide technical and
23 financial assistance to entrepreneurs seeking to create,
24 locate, or expand a business in the state if the business
25 derives or intends to derive more than ten percent of its gross
26 sales from markets outside of the state. Financial assistance
27 under the program shall be provided from the entrepreneur
28 investment awards program fund created in section 15E.363.

29 2. In determining whether an entrepreneur assistance
30 program qualifies for a grant under the entrepreneur investment
31 awards program, the authority shall find that the entrepreneur
32 assistance program demonstrates all of the following:

33 a. The entrepreneur assistance program expended at least
34 five hundred thousand dollars in the program's previous
35 fiscal year to provide technical and financial assistance to

1 entrepreneurs seeking to create, locate, or expand a business
2 in the state if the business derives or intends to derive more
3 than ten percent of its gross sales from markets outside of the
4 state. The five hundred thousand dollars in expenditures in
5 the program's previous fiscal year shall not include grants
6 awarded pursuant to this section or any funds invested in
7 clients' businesses.

8 *b.* The entrepreneur assistance program provides services to
9 meet the broad-based needs of entrepreneurs seeking to create,
10 locate, or expand a business in the state if the business
11 derives or intends to derive more than ten percent of its gross
12 sales from markets outside of the state.

13 *c.* The entrepreneur assistance program communicates with
14 and cooperates with other entrepreneur assistance programs and
15 similar service providers in the state.

16 *d.* The entrepreneur assistance program engages various
17 funding sources for entrepreneurs seeking to create, locate,
18 or expand a business in the state if the business derives or
19 intends to derive more than ten percent of its gross sales from
20 markets outside of the state.

21 *e.* The entrepreneur assistance program communicates with
22 and cooperates with various entities for purposes of locating
23 suitable facilities for clients of the entrepreneur assistance
24 program.

25 *f.* The entrepreneur assistance program is an Iowa-based
26 business.

27 3. In determining whether an entrepreneur assistance
28 program qualifies for a grant under the entrepreneur investment
29 awards program, the authority may consider any of the
30 following:

31 *a.* The business experience of the professional staff
32 employed or retained by the entrepreneur assistance program.

33 *b.* The business plan review capacity of the entrepreneur
34 assistance program's professional staff.

35 *c.* The expertise of the entrepreneur assistance program's

1 professional staff in all aspects of business disciplines.

2 *d.* The entrepreneur assistance program's professional
3 staff's access to external service providers including legal,
4 accounting, marketing, and financial services.

5 4. Upon being awarded a grant under this section, the
6 entrepreneur assistance program shall accept client referrals
7 from the economic development authority.

8 5. The amount of a grant awarded to a qualifying
9 entrepreneur assistance program shall not exceed the lesser of
10 the following for any fiscal year:

11 *a.* An amount equal to twenty-five percent of the funds
12 expended by the qualifying program in the program's previous
13 fiscal year to provide technical and financial assistance to
14 entrepreneurs seeking to create, locate, or expand a business
15 in the state if the business derives or intends to derive more
16 than ten percent of its gross sales from markets outside of
17 the state. For purposes of this paragraph, "funds expended"
18 shall not include grants awarded pursuant to this section or
19 any funds invested in clients' businesses.

20 *b.* An amount equal to one hundred percent of funds raised by
21 the entrepreneur assistance program in the previous fiscal year
22 from private foundations, federal or local government funds,
23 financial institutions, or individuals.

24 *c.* Two hundred thousand dollars.

25 6. The grant awarded to a qualifying entrepreneur
26 assistance program shall only be used for the purpose of the
27 operating costs incurred by the program.

28 7. The economic development authority board may approve,
29 deny, or defer each application for a grant from the
30 entrepreneur investment awards program fund created in section
31 15E.363.

32 8. The maximum amount of the total grants awarded by the
33 authority for the entrepreneur investment awards program shall
34 not exceed one million dollars in a fiscal year. The authority
35 shall award the grants on a first-come, first-served basis.

1 9. The authority may contract with outside service
2 providers for assistance with the grant program described in
3 this section or may delegate the administration of the program
4 to the Iowa innovation corporation pursuant to section 15.106B.

5 10. The authority shall not award a grant to an entrepreneur
6 assistance program from the entrepreneur investment awards
7 program fund after June 30, 2014. It is the intent of the
8 general assembly to review and assess the success of the
9 entrepreneur investment awards program based on the report
10 provided by the economic development authority.

11 11. The economic development authority shall conduct a
12 comprehensive review of the entrepreneur investment awards
13 program and shall, by December 31, 2013, submit a report of the
14 findings of the review, as well as any recommendations and cost
15 projections of its recommendations, to the governor and the
16 general assembly. The report shall consist of the following
17 information:

18 a. The number of grants awarded, the total amount of the
19 grants awarded, the total amount expended on the entrepreneur
20 investment awards program, and the number of entrepreneur
21 investment awards to entrepreneur assistance programs that were
22 the subject of repayment or collection activity.

23 b. The number of applications received by the authority for
24 the program and the status of the applications.

25 c. For each entrepreneur assistance program receiving moneys
26 from the entrepreneur investment awards program fund, the
27 following information:

28 (1) The amount the entrepreneur assistance program received
29 from the entrepreneur investment awards program fund.

30 (2) The number of entrepreneurs creating a business in the
31 state that were assisted by the entrepreneur assistance program
32 and the number of new jobs associated with the business.

33 (3) The number of entrepreneurs locating or expanding a
34 business in the state that were assisted by the entrepreneur
35 assistance program and the number of new or retained jobs

1 associated with the business.

2 (4) The entrepreneur assistance program's location.

3 (5) The amount, if any, of private and local matching funds
4 received by the entrepreneur assistance program.

5 d. The number of clients referred by the authority to an
6 entrepreneur assistance program receiving moneys from the
7 entrepreneur investment awards program fund.

8 e. An evaluation of the investment made by the state of Iowa
9 in the entrepreneur investment awards program.

10 f. Any other information the authority deems relevant to
11 assessing the success of the entrepreneur investment awards
12 program.

13 Sec. 22. NEW SECTION. 15E.363 Entrepreneur investment
14 awards program fund.

15 1. An entrepreneur investment awards program fund is
16 created in the state treasury under the control of the
17 authority and consisting of any moneys appropriated by the
18 general assembly and any other moneys available to and obtained
19 or accepted by the authority for placement in the fund.

20 2. Payments of interest, repayments of moneys provided, and
21 recaptures of moneys provided shall be deposited in the fund.

22 3. The fund shall be used to provide grants under the
23 entrepreneur investment awards program established in section
24 15E.362.

25 4. Moneys in the fund are not subject to section 8.33.
26 Notwithstanding section 12C.7, interest or earnings on moneys
27 in the fund shall be credited to the fund.

28 Sec. 23. Section 159A.6B, subsection 2, Code Supplement
29 2011, is amended to read as follows:

30 2. The office may execute contracts in order to provide
31 technical support and outreach services for purposes of
32 assisting and educating interested persons as provided in this
33 section. The office may also contract with a consultant to
34 provide part or all of these services. The office may require
35 that a person receiving assistance pursuant to this section

1 contribute up to fifty percent of the amount required to
2 support the costs of contracting with the consultant to provide
3 assistance to the person. The office shall assist the person
4 in completing any technical information required in order
5 to receive assistance by the economic development authority
6 pursuant to ~~the value-added agriculture component of the~~
7 ~~economic development financial assistance program established~~
8 ~~pursuant to section 15G.112~~ section 15.335B.

9 Sec. 24. Section 266.19, Code Supplement 2011, is amended
10 to read as follows:

11 **266.19 Renewable fuel — assistance.**

12 The university shall cooperate in assisting renewable fuel
13 production facilities supporting livestock operations managed
14 by persons receiving assistance pursuant to ~~the value-added~~
15 ~~agriculture component of the economic development financial~~
16 ~~assistance program established in section 15G.112~~ section
17 15.335B.

18 Sec. 25. Section 455B.104, subsection 2, Code Supplement
19 2011, is amended to read as follows:

20 2. The department shall assist persons applying for
21 assistance to establish and operate renewable fuel production
22 facilities pursuant to ~~the value-added agriculture component~~
23 ~~of the economic development financial assistance program~~
24 ~~established in section 15G.112~~ section 15.335B.

25 Sec. 26. REPEAL. Section 455B.433, Code Supplement 2011,
26 is repealed.

27 Sec. 27. RULES. The economic development authority shall
28 adopt rules for the implementation of this division of this
29 Act.

30 DIVISION II

31 TARGETED INDUSTRIES PROGRAM

32 Sec. 28. Section 15.102, subsection 11, Code Supplement
33 2011, is amended to read as follows:

34 11. "*Targeted industries*" means the ~~same as defined~~
35 ~~in section 15.411, subsection 1~~ industries of advanced

1 manufacturing, biosciences, and information technology.

2 Sec. 29. Section 15.106B, subsection 2, paragraph d,
3 subparagraph (1), Code Supplement 2011, is amended by adding
4 the following new subparagraph divisions:

5 NEW SUBPARAGRAPH DIVISION. (g) Services related to
6 outreach and assistance to businesses for small business
7 innovation research and technology transfer pursuant to section
8 15.411, subsection 5, or services related to accelerating the
9 generation and development of innovative ideas and businesses
10 pursuant to section 15.411, subsection 6.

11 NEW SUBPARAGRAPH DIVISION. (h) Services related to the
12 administration of an entrepreneur investment awards program
13 pursuant to section 15E.362.

14 Sec. 30. Section 15.117A, subsection 2, paragraph a,
15 subparagraph (5), Code Supplement 2011, is amended to read as
16 follows:

17 (5) ~~The person appointed as the chief information officer~~
18 ~~pursuant to section 8A.201A, or, if no person has been so~~
19 ~~appointed, the director of the department of administrative~~
20 ~~services workforce development, or the director's designee.~~

21 Sec. 31. Section 15.411, Code Supplement 2011, is amended
22 to read as follows:

23 **15.411 ~~Targeted industries~~ Innovative business development —**
24 **internships — technical and financial assistance.**

25 1. As used in this part, unless the context otherwise
26 requires:

27 a. "Innovative business" means the same as defined in
28 section 15E.52.

29 ~~a.~~ b. "Internship" means temporary employment of a student
30 that focuses on providing the student with work experience in
31 the student's field of study.

32 ~~b. "Targeted industries" means the industries of advanced~~
33 ~~manufacturing, biosciences, and information technology.~~

34 2. The authority ~~shall, upon board approval, may~~ contract
35 with service providers on a case-by-case basis for services

1 related to statewide commercialization development ~~in the~~
2 ~~targeted industries~~ of innovative businesses. Services
3 provided shall include all of the following:

4 a. Assistance provided directly to businesses by experienced
5 serial entrepreneurs for all of the following activities:

6 (1) Business plan development.

7 (2) Due diligence.

8 (3) Market assessments.

9 (4) Technology assessments.

10 (5) Other planning activities.

11 b. Operation and coordination of various available
12 competitive seed and prototype development funds.

13 c. Connecting businesses to private angel investors and the
14 venture capital community.

15 d. Assistance in obtaining access to an experienced pool
16 of managers and operations talent that can staff, mentor, or
17 advise start-up enterprises.

18 e. Support and advice for accessing sources of early stage
19 financing.

20 3. The authority shall establish and administer a program
21 to provide financial and technical assistance to encourage
22 prototype and concept development activities by innovative
23 businesses that have a clear potential to lead to commercially
24 viable products or services within a reasonable period of time
25 ~~in the targeted industries~~. Financial assistance shall be
26 awarded on a per project basis upon board approval. ~~The amount~~
27 ~~of financial assistance available for a single project shall~~
28 ~~not exceed one hundred fifty thousand dollars~~. In order to
29 receive financial assistance, an applicant must demonstrate
30 the ability to secure one dollar of nonstate moneys for every
31 two dollars received from the authority. For purposes of this
32 section, "financial assistance" means assistance provided only
33 from the funds, rights, and assets legally available to the
34 authority pursuant to this chapter and includes but is not
35 limited to assistance in the form of grants, loans, forgivable

1 loans, and royalty payments.

2 ~~4. The authority shall, upon board approval, establish~~
 3 ~~and administer a program to provide financial assistance for~~
 4 ~~projects designed to encourage collaboration between commercial~~
 5 ~~users and developers of information technology in the state~~
 6 ~~for the purpose of commercializing existing software and~~
 7 ~~applications technologies. Financial assistance shall not~~
 8 ~~exceed one hundred thousand dollars per project. In order to~~
 9 ~~receive financial assistance, an applicant must demonstrate the~~
 10 ~~ability to secure two dollars of nonstate moneys for every one~~
 11 ~~dollar received from the authority. Financial assistance shall~~
 12 ~~be awarded to projects that will result in technologies being~~
 13 ~~developed as commercial products for sale by Iowa companies~~
 14 ~~rather than as custom applications for proprietary use by a~~
 15 ~~participating firm.~~

16 ~~5. The authority shall, upon board approval, establish~~
 17 ~~and administer a program to provide financial assistance to~~
 18 ~~businesses or departments of businesses engaged in the delivery~~
 19 ~~of information technology services in the state for the purpose~~
 20 ~~of upgrading the high-level technical skills of existing~~
 21 ~~employees. The amount of financial assistance shall not exceed~~
 22 ~~twenty-five thousand dollars for any business site. In order~~
 23 ~~to receive financial assistance, an applicant must demonstrate~~
 24 ~~the ability to secure two dollars of nonstate moneys for every~~
 25 ~~one dollar received from the authority.~~

26 ~~6.~~ 4. The authority shall, upon board approval, establish
 27 and administer a targeted industries an innovative businesses
 28 internship program for Iowa students. For purposes of this
 29 subsection, "*Iowa student*" means a student of an Iowa community
 30 college, private college, or institution of higher learning
 31 under the control of the state board of regents, or a student
 32 who graduated from high school in Iowa but now attends an
 33 institution of higher learning outside the state of Iowa. The
 34 purpose of the program is to link Iowa students to small and
 35 medium sized Iowa firms in the targeted industries through

1 internship opportunities. An Iowa employer may receive
 2 financial assistance in an amount of one dollar for every
 3 two dollars paid by the employer to an intern. The amount
 4 of financial assistance shall not exceed three thousand one
 5 hundred dollars for any single internship, or nine thousand
 6 three hundred dollars for any single employer. In order to be
 7 eligible to receive financial assistance under this subsection,
 8 the employer must have five hundred or fewer employees and must
 9 ~~be engaged in a targeted industry~~ an innovative business. The
 10 authority shall encourage youth who reside in economically
 11 distressed areas, youth adjudicated to have committed a
 12 delinquent act, and youth transitioning out of foster care to
 13 participate in the ~~targeted industries~~ internship program.

14 ~~7. The economic development authority shall work with the~~
 15 ~~department of workforce development to create a statewide~~
 16 ~~supplier capacity and product database to assist the economic~~
 17 ~~development authority in linking suppliers to Iowa-based~~
 18 ~~companies. The economic development authority may procure~~
 19 ~~technical assistance for the creation of the database from a~~
 20 ~~third party through a request for proposals process.~~

21 ~~8. The technology commercialization committee created~~
 22 ~~pursuant to section 15.116 shall review all applications for~~
 23 ~~financial assistance and requests for proposals pursuant to~~
 24 ~~this section and make recommendations to the board.~~

25 ~~9. In each fiscal year, the authority may transfer~~
 26 ~~additional moneys that become available to the authority~~
 27 ~~from sources such as loan repayments or recaptures of awards~~
 28 ~~from federal economic stimulus funds to the innovation~~
 29 ~~and commercialization development fund created in section~~
 30 ~~15.412, provided the authority spends those moneys for the~~
 31 ~~implementation of the recommendations included in the separate~~
 32 ~~consultant reports on bioscience, advanced manufacturing,~~
 33 ~~information technology, and entrepreneurship submitted to the~~
 34 ~~department in calendar years 2004, 2005, and 2006.~~

35 5. a. (1) The authority shall establish and administer

1 an outreach program for purposes of assisting businesses with
2 applications to the federal small business innovation research
3 and small business technology transfer programs.

4 (2) The goals of this assistance are to increase the number
5 of successful phase II small business innovation research grant
6 proposals in the state, increase the amount of such grant
7 funds awarded in the state, stimulate subsequent investment by
8 industry, venture capital, and other sources, and encourage
9 businesses to commercialize promising technologies.

10 b. (1) In administering the program, the authority may
11 provide technical and financial assistance to businesses.
12 Financial assistance provided pursuant to this subsection shall
13 not exceed twenty-five thousand dollars to any single business.

14 (2) The authority may require successful applicants to
15 repay the amount of financial assistance received, but shall
16 not require unsuccessful applicants to repay such assistance.
17 Any moneys repaid pursuant to this subsection may be used to
18 provide financial assistance to other applicants.

19 c. The authority may also provide financial assistance
20 for purposes of helping businesses meet the matching funds
21 requirements of the federal small business innovation research
22 and small business technology transfer programs.

23 d. The authority may contract with outside service providers
24 for assistance with the programs described in this subsection
25 or may delegate the functions to be performed under this
26 subsection to the corporation pursuant to section 15.106B.

27 6. a. The authority shall establish and administer a
28 program to accelerate the generation and development of
29 innovative ideas and businesses. The program shall include
30 assistance for the expansion of the proof of commercial
31 relevance concept, the expansion of investment in applied
32 research, and support for a manufacturing extension partnership
33 program.

34 b. The authority may contract with outside service providers
35 for assistance with the program described in this subsection

1 or may delegate the functions to be performed under this
2 subsection to the corporation pursuant to section 15.106B.

3 ~~10.~~ 7. The board shall adopt rules pursuant to chapter 17A
4 necessary for the administration of this section.

5 Sec. 32. Section 15.412, subsections 2 and 3, Code
6 Supplement 2011, are amended to read as follows:

7 2. Moneys in the fund are appropriated to the authority and,
8 with the approval of the board, shall be used to facilitate
9 agreements, enhance commercialization ~~in the targeted~~
10 ~~industries~~, and increase the availability of skilled workers
11 ~~within the targeted industries~~ in innovative businesses. Such
12 moneys shall not be used for the support of retail businesses,
13 health care businesses, or other businesses requiring a
14 professional license.

15 3. Moneys in the fund, ~~with the approval of the board,~~ may
16 also be used for the following purposes:

17 a. For assistance to entities providing student internship
18 opportunities.

19 ~~b. For increasing career awareness training.~~

20 ~~c. For recruiting management talent.~~

21 ~~d.~~ b. For assistance to entities engaged in prototype and
22 concept development activities.

23 ~~e.~~ c. For developing a statewide commercialization network.

24 ~~f. For deploying and maintaining an Iowa entrepreneur~~
25 ~~website.~~

26 ~~g. For funding asset mapping and supply chain initiatives,~~
27 ~~including for identifying methods of supporting lean~~
28 ~~manufacturing practices or processes.~~

29 ~~h. For information technology training.~~

30 ~~i. For networking events to facilitate the transfer of~~
31 ~~technology among researchers and industries.~~

32 ~~j. For funding student competition programs.~~

33 ~~k. For the purchase of advanced equipment and software~~
34 ~~at Iowa community colleges in order to support training and~~
35 ~~coursework related to the targeted industries.~~

1 d. For establishing and administering the programs described
2 in section 15.411.

3 Sec. 33. Section 15E.52, subsection 1, paragraph c, Code
4 Supplement 2011, is amended to read as follows:

5 c. "*Innovative business*" means a business applying novel
6 or original methods to the manufacture of a product or the
7 delivery of a service. "*Innovative business*" includes but
8 is not limited to a business engaged in ~~a targeted industry~~
9 ~~as defined in section 15.411~~ the industries of advanced
10 manufacturing, biosciences, and information technology.

11 DIVISION III

12 OTHER ECONOMIC DEVELOPMENT CHANGES

13 Sec. 34. Section 15.106A, subsection 1, paragraph o, Code
14 Supplement 2011, is amended to read as follows:

15 o. Establish one or more funds within the state treasury
16 under the control of the authority. Moneys deposited in or
17 accruing to such a fund are appropriated to the authority for
18 purposes of administering the economic development programs in
19 this chapter, chapter 15E, or such other programs as directed
20 by law. Notwithstanding section 8.33 or 12C.7, or any other
21 provision to the contrary, moneys invested by the treasurer
22 of state pursuant to this subsection shall not revert to the
23 general fund of the state and interest accrued on the moneys
24 shall be moneys of the authority and shall not be credited to
25 the general fund. The nonreversion of moneys allowed under
26 this paragraph does not apply to moneys appropriated to the
27 authority by the general assembly.

28 Sec. 35. Section 15.107B, subsection 1, Code Supplement
29 2011, is amended to read as follows:

30 1. On or before January 31 of each year, the director
31 shall submit to the authority board and the general assembly a
32 report that describes the activities of the authority during
33 the preceding fiscal year. The report shall include detailed
34 information about jobs created, capital invested, wages paid,
35 and awards made under the programs the authority administers.

1 The report may include such other information as the director
2 deems necessary or as otherwise required by law. Subsequent
3 to submitting the report and within the same session of the
4 general assembly, the director shall discuss and review the
5 report with the general assembly's standing committees on
6 economic growth and rebuild Iowa.

7 Sec. 36. NEW SECTION. 15.113 **Tax lien and delinquency**
8 **search requirement.**

9 Before authorizing tax incentives or disbursing moneys to
10 a person or business applying for assistance under any of the
11 authority's programs, the authority shall conduct a search
12 for outstanding state or local tax liability, tax liens, or
13 other related delinquencies. The authority shall not authorize
14 tax incentives or disburse moneys if the result of the search
15 shows that the applicant is currently delinquent in the
16 payment of state or local taxes or is otherwise in substantial
17 noncompliance with Iowa tax law.

18 Sec. 37. Section 97B.1A, subsection 8, paragraph a,
19 subparagraph (12), Code Supplement 2011, is amended by striking
20 the subparagraph.

21 Sec. 38. REPEAL. Sections 15.103 and 15.104, Code
22 Supplement 2011, are repealed.

23 Sec. 39. HOUSING ENTERPRISE ZONE TAX CREDIT ISSUANCE.

24 1. Notwithstanding section 15E.193B, subsection 4, the
25 authority may issue a tax credit to an eligible housing
26 business for a project not completed within two years from
27 the time the business began construction if a city failed to
28 file the appropriate paperwork with the authority requesting
29 an extension for the project pursuant to section 15E.193B,
30 subsection 4.

31 2. The authorization described in subsection 1 only applies
32 to projects for which a city failed to file an extension
33 between January 1, 2007, and January 1, 2008, and only to
34 benefits earned for a project between February 8, 2005, and
35 February 8, 2008.

1 Sec. 40. EFFECTIVE UPON ENACTMENT. The following provision
2 or provisions of this division of this Act, being deemed of
3 immediate importance, take effect upon enactment:

4 1. The section of this Act amending section 97B.1A.

5 Sec. 41. RETROACTIVE APPLICABILITY. The following
6 provision or provisions of this division of this Act apply
7 retroactively to July 1, 2011:

8 1. The section of this Act amending section 97B.1A.